

Food firm Prima Cheese doubles profits even as sales fall slightly

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Award-winning North East food company Prima Cheese has seen its profits almost double despite reporting a slight drop in sales in its latest accounts.

The Seaham-based company, which processes cheese for pizza toppings and other uses, saw its turnover in the year to March 31 fall from £69.3m a year earlier to £68.7m.

But over the same period the company's operating profit went up from £1.9m to £3.8m as efficiencies driven by investment in new equipment reduced costs.

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The accounts have been released shortly before Prima holds a belated celebration of winning the Queen's Award for Enterprise in recognition of its exporting prowess.

The company won the award shortly before the start of the pandemic, but will next week hold a celebration for its staff and formally receive the award from the Lord Lieutenant of County Durham.

In its accounts, the company said: “Wholesale cheese prices fluctuated throughout the period, on average prices were significantly lower than the previous period. Sales volumes increased by 4% but the lower average sales prices pulled down by the lower cheese price resulted in turnover decreasing by just 1% to £68.687m.



Prima Cheese’s factory in Seaham
(Image: Unknown)

“Export sales have decreased this period due to the coronavirus pandemic, but this has been more than offset by the increase in sales to the UK wholesale market. Export growth will continue to be a key growth strategy for the business.

“Gross margins are the real success this period, which increased by 19% on the previous period due to further reduced wastage and increased margin per box. The state-of-the-art

production line commissioned in early 2019 has been instrumental to achieving flexibility and substantial efficiencies leading to increased profits.

“The period was one of change and innovation for the company as the directors continue to invest in the premises, plant and people. This continued investment was required to ensure the company could achieve its mid to long term goals.”

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The report added that the “outcome of the Brexit process is far from concluded” and said it would present a risk to the company that it would have to monitor closely. It would also be monitoring ongoing risks from the coronavirus pandemic, it said.

Outlining future developments, Prima said it would be looking to expand into new geographic locations, as well as promoting its existing brands. It added that “export growth will continue to be a key growth strategy for the business”.

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